



MED
Power Board
MED Power Board
March 27, 2019, 9:30 am - 11:30 am
City Council Chambers

MINUTES and DOCUMENTS

MINUTES

MED

Power Board

MED Power Board

Wednesday, March 27, 2019, 9:30 am - 11:30 am

City Council Chambers

- A. Call To Order
- B. Regular Business
 - 1. Minutes
- C. Informational
 - 1. Financials - Lori Williams
 - 2. Disbursements - Lori Williams
 - 3. Uncollectable Accounts - Lori Williams
 - 4. Safety Loss Control Activities - PD Mynatt
 - 5. Material Purchases - PD Mynatt
 - 6. Fuel Cost Adjustment - PD Mynatt
- D. Reports
 - 1. General Manager Report - PD Mynatt
 - 2. City Projects - Philip Lim
 - 3. Fiber Optics Strategic Report - Chris Barns
- E. Action Items
 - 1. Dempsey Vantrease & Follis PLLC Engagement Letter - FYE June 2019
 - 2. DC Plan Vesting Addendum
 - 3. MED Rates Local Rate Adjustment - October 2019
- F. Other

**REGULAR MEETING OF THE BOARD OF
MURFREESBORO ELECTRIC DEPARTMENT**

February 20, 2019

The Board of Murfreesboro Electric Department (MED) met in regular session at 9:30 a.m., Wednesday, February 20, 2019, in the City Council Chambers at 111 West Vine Street, Murfreesboro, Tennessee.

Members Present: Rick Hardesty, Chair
Irene Pitts-McDonald, Vice-Chair
Richard Stone, Member
Ross Bradley, Member
Rick LaLance, Member

Also present were P.D. Mynatt, General Manager; Lori Williams, Secretary-Treasurer; and Adam Tucker, City Attorney.

Other MED staff members present were Philip Lim, Gena Dix, Daphnea Anderson, John Florida, Chris Barns, Brandon Allen, and Lance Jones.

Mr. Hardesty called the meeting to order.

Mr. Bradley made a MOTION to approve the minutes of the regular meeting held January 23, 2019. Ms. Pitts-McDonald SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Ms. Williams presented information on January 2019-2018 financial reports. A list of January 2019 disbursements totaling \$16,790,728.95 and a list of uncollectible accounts for January 2019 in the amount of \$12,289.20 were presented for review. Additional information showing uncollectable accounts and payments on uncollectable accounts for fiscal year 2019 was presented.

In the Safety and Loss Control Activities, Mr. Mynatt reported that an incident occurred on February 5, 2019 when an employee was helping load a street light pole when the pole slipped out of the sling and slid down on employee's right foot. Employee was seen by Dr. Thomas at Concentra. X-Rays were taken

and were negative for fractures. Employee was released to return to work with no restrictions.

Mr. Mynatt reported January 2019 material purchases under \$25,000 of \$236,947.79, purchases between \$25,000 and \$50,000 of \$215,837.25, and transformers purchased under the TVA contract of \$92,047.00.

Mr. Mynatt also reported the March 2019 total monthly fuel cost will be 1.791 cents per kilowatt-hour for standard service customers, 1.730 cents per kilowatt-hour for large manufacturing customers, and 1.719 cents per kilowatt-hour for large general service customers. The overall system average fuel rate for March is approximately 7% lower than the three-year average March FCA primarily due to lower expectations for sales and lower purchased power and gas prices.

In the General Manager's Report, Mr. Mynatt reported that Osmose Utilities Service has inspected approximately 12,250 utility poles since August 2018. There have been 406 reject poles and of those, 296 poles are restorable with 37 needing to be replaced within 90 days.

Mr. Mynatt reported that MED began serving Colonial Pipeline on January 31st at approximately 3:00 p.m.

Mr. Mynatt reported that MED collected items for the United Way and Rutherford County Health Department's Community Baby Shower which was held on February 9th at Patterson Park. Donations collected were 901 diapers, 66 onesies, 40 blankets, 50 bottles, and 50 packages of wet wipes.

Mr. Mynatt reported that MED's latest blog and video post is "How Cold Weather Impacts Your Bill." These can be viewed on our Facebook page and on Murfreesboro Electric's YouTube channel.

Mr. Mynatt recognized Gena Dix and Willie Weaver for volunteering their time and talents to Habitat for Humanity during the Martin Luther King holiday.

Mr. Mynatt reported that the TVPPA Annual Conference will be held May 20-22, 2019 at Grove Park Inn in Asheville, North Carolina and the APPA National Conference will be held June 7-12, 2019 at JW Marriott in Austin, Texas. If any of the board members are interested in attending, please contact Ms. Anderson.

Ms. Dix reported Logan Barber has advanced from 2nd period to 3rd period apprentice lineman.

Ms. Dix reported information showing a comparison between employee compensation findings during the 2018 Compensation Study verses where employee ranges are now including the COLA increase of 3.1%.

Mr. Lim presented the list of City Projects. There were no new projects added this month.

On the Fiber Committee, Mr. Barns reported that construction on the fiber project is continuing. The number of sites has been reduced to 48 due to a change in providing fiber to the City School building due to federal funding program with Comcast.

On the LED street lighting update, the City Manager will schedule a capital projects meeting and include LED street lighting focus as a pilot program.

Mr. Mynatt presented a recommendation to retain IT professionals Chris Self and Andy Windford for an additional three months with an estimated cost of \$46,800. No motion is necessary due to amount being less than \$50,000.00.

Mr. Stone made a MOTION to adjourn the meeting. Mr. LaLance SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Secretary-Treasurer

Chair

Approved _____

**MURFREESBORO ELECTRIC DEPARTMENT
COMPARATIVE BALANCE SHEET**

ASSETS AND OTHER DEBITS	February	February	Increase/(Decrease)	
	2019	2018	Amount	Percent

UTILITY PLANT

Electric Plant	225,019,350	216,515,416	8,503,934	3.93%
Less Depreciation	68,252,126	68,639,119	(386,993)	-0.56%
Total	156,767,224	147,876,297	8,890,927	6.01%
Unamortized Acquisition Adj.	937,481	1,201,860	(264,379)	-22.00%
Total Plant - net	157,704,705	149,078,157	8,626,548	5.79%

OTHER PROPERTY & INVESTMENTS

Sinking Funds	297,305	297,510	(205)	-0.07%
Other Special Funds	678,479	677,232	1,247	0.18%
Total	975,784	974,742	1,042	0.11%

CURRENT AND ACCRUED ASSETS

Cash & Temporary Cash Investments	46,652,707	65,132,468	(18,479,761)	-28.37%
Accounts Receivable	12,648,922	13,444,996	(796,074)	-5.92%
Materials and Supplies	2,604,465	2,719,812	(115,347)	-4.24%
Prepayments	996,355	957,832	38,523	4.02%
Other Current Assets	2,463,980	2,297,044	166,936	7.27%
Total	65,366,429	84,552,152	(19,185,723)	-22.69%

DEFERRED DEBITS

Debt Expense	0	0	0	0.00%
Clearing Accounts	265,426	207,171	58,255	28.12%
Receivables-Conservation Loans	1,814,111	1,997,907	(183,796)	-9.20%
Other Deferred Debits	1,742,269	2,045,671	(303,402)	-14.83%
Total	3,821,806	4,250,749	(428,943)	-10.09%

TOTAL ASSETS & OTHER DEBITS	227,868,724	238,855,800	(10,987,076)	-4.60%
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LIABILITIES AND OTHER CREDITS	February	February	Increase/(Decrease)	
	2019	2018	Amount	Percent

EARNINGS REINVESTED IN SYSTEM

Beginning of Year	183,477,539	180,033,660	3,443,879	1.91%
Current Year to Date	4,899,579	6,658,723	(1,759,144)	-26.42%
Total	188,377,118	186,692,383	1,684,735	0.90%

LONG -TERM DEBT

Bonds and Other Long -Term Debt	5,282,000	6,351,000	(1,069,000)	-16.83%
Debt Premium and Discount	27,000	39,000	(12,000)	-30.77%
Total	5,309,000	6,390,000	(1,081,000)	-16.92%

OTHER NON-CURRENT LIABILITIES

Post Retirement Benefits	9,470,298	2,121,446	7,348,852	346.41%
Conservation Loans - TVA	1,879,574	2,037,853	(158,279)	-7.77%
Total	11,349,872	4,159,299	7,190,573	172.88%

CURRENT & ACCRUED LIABILITIES

Accounts Payable	8,316,874	26,207,900	(17,891,026)	-68.27%
Customer Deposits	10,165,120	9,831,584	333,536	3.39%
Interest Accrued	9,025	11,650	(2,625)	-22.53%
Other Current Liabilities	2,069,724	2,073,076	(3,352)	-0.16%
Total	20,560,743	38,124,210	(17,563,467)	-46.07%

OTHER DEFERRED CREDITS	2,271,991	3,489,908	(1,217,917)	-34.90%
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TOTAL LIABILITIES & OTHER CREDITS	227,868,724	238,855,800	(10,987,076)	-4.60%
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**MURFREESBORO ELECTRIC DEPARTMENT
COMPARATIVE REVENUE AND EXPENSE STATEMENT**

	February 2019	February 2018	Increase(Decrease)		FYTD 2019	FYTD 2018	Increase(Decrease)	
			Amount	Percent			Amount	Percent
OPERATING REVENUE								
Electric Sales Revenue	12,683,961	12,624,067	59,894	0.47%	118,125,903	115,271,636	2,854,267	2.48%
Revenue from Late Payments	109,652	140,924	(31,272)	-22.19%	752,334	812,975	(60,641)	-7.46%
Misc. Service Revenue	142,890	138,148	4,742	3.43%	1,318,425	1,229,103	89,322	7.27%
Rent from Electric Property	72,328	90,415	(18,087)	-20.00%	581,395	573,513	7,882	1.37%
Other Electric Revenue	0	0	0	0.00%	0	0	0	0.00%
Total Operating Revenue	13,008,831	12,993,554	15,277	0.12%	120,778,057	117,887,227	2,890,830	2.45%
PURCHASED POWER								
	10,199,881	10,091,398	108,483	1.08%	98,710,755	95,796,346	2,914,409	3.04%
OPERATING EXPENSE								
Distribution Expense	262,089	128,163	133,926	104.50%	1,647,800	1,681,765	(33,965)	-2.02%
Customer Accounts Expense	157,685	155,777	1,908	1.22%	1,401,109	1,398,587	2,522	0.18%
Customer Service & Info. Expense	14,595	9,827	4,768	48.52%	124,015	80,048	43,967	54.93%
Sales Expense	19,230	10,381	8,849	85.24%	211,935	192,617	19,318	10.03%
Administrative & General Expense	559,935	328,281	231,654	70.57%	3,912,377	2,600,497	1,311,880	50.45%
Total Operating Expense	1,013,534	632,429	381,105	60.26%	7,297,236	5,953,514	1,343,722	22.57%
MAINTENANCE EXPENSE								
Distribution Expense	304,715	194,916	109,799	56.33%	1,567,217	1,283,047	284,170	22.15%
Administrative & General Expense	31,975	25,992	5,983	23.02%	228,198	232,969	(4,771)	-2.05%
Total Maintenance Expense	336,690	220,908	115,782	52.41%	1,795,415	1,516,016	279,399	18.43%
OTHER OPERATING EXPENSE								
Depreciation Expense	667,071	610,547	56,524	9.26%	5,225,818	4,849,241	376,577	7.77%
Amortization of Acquisition Adj.	20,587	16,085	4,502	27.99%	164,699	128,680	36,019	27.99%
Taxes and Tax Equivalents	371,303	374,539	(3,236)	-0.86%	2,962,918	2,972,674	(9,756)	-0.33%
Total Other Operating Expense	1,058,961	1,001,171	57,790	5.77%	8,353,435	7,950,595	402,840	5.07%
TOTAL OPER EXP & PURCH PWR	12,609,066	11,945,906	663,160	5.55%	116,156,841	111,216,471	4,940,370	4.44%
INCOME								
Operating Income	399,765	1,047,648	(647,883)	-61.84%	4,621,216	6,670,756	(2,049,540)	-30.72%
Other Income	92,862	10,596	82,266	776.39%	387,806	84,686	303,120	357.93%
Total Income	492,627	1,058,244	(565,617)	-53.45%	5,009,022	6,755,442	(1,746,420)	-25.85%
Miscellaneous Income Deductions	198	15,821	(15,623)	-98.75%	30,699	16,070	14,629	91.03%
Net Income Before Debt Exp	492,429	1,042,423	(549,994)	-52.76%	4,978,323	6,739,372	(1,761,049)	-26.13%
DEBT EXPENSE								
Interest on Long Term Debt	10,744	9,650	1,094	11.34%	81,535	83,467	(1,932)	-2.31%
Other Interest Expense	47	44	3	6.82%	369	342	27	7.89%
Amortization of Debt Discount & Exp.	605	605	0	0.00%	4,840	4,840	0	0.00%
Amortization of Premium on Debt	(1,000)	(1,000)	0	0.00%	(8,000)	(8,000)	0	0.00%
Total Debt Expense	10,396	9,299	1,097	11.80%	78,744	80,649	(1,905)	-2.36%
NET INCOME	482,033	1,033,124	(551,091)	-53.34%	4,899,579	6,658,723	(1,759,144)	-26.42%

MURFREESBORO ELECTRIC DEPARTMENT

STATISTICAL DATA

	FEBRUARY 2019	FEBRUARY 2018	INCREASE (DECREASE) AMOUNT	PERCENT
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KWH PURCHASED	133,214,686	130,934,266	2,280,420	1.74%
KWH SOLD/USED	129,740,989	126,890,372	2,850,617	2.25%
COST PER KWH PURCHASED (CENTS)	7.66	7.71	-0.05	-0.65%

	FYTD 2019	FYTD 2018	INCREASE (DECREASE) AMOUNT	PERCENT
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KWH PURCHASED	1,274,734,975	1,257,672,379	17,062,596	1.36%
KWH SOLD/USED	1,236,896,252	1,211,178,914	25,717,338	2.12%
COST PER KWH PURCHASED (CENTS)	7.75	7.62	0.13	1.71%

CUSTOMER DATA

	FEBRUARY 2019	FEBRUARY 2018	INCREASE (DECREASE) AMOUNT	PERCENT
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RESIDENTIAL	57,527	55,542	1,985	3.57%
LESS THAN 50 KW	6,347	6,115	232	3.79%
GREATER THAN 50 KW	1,014	1,032	(18)	-1.74%
STREET AND ATHLETIC	150	139	11	7.91%
TOTAL CUSTOMERS	65,038	62,828	2,210	3.52%

FINANCIAL RATIOS

	FEBRUARY 2019	FEBRUARY 2018
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CURRENT RATIO	3.18	2.22
ACID TEST	2.88	2.06
DEBT TO EQUITY RATIO	0.034	0.043

	FEBRUARY 2019	FEBRUARY 2018	FYTD 2019	FYTD 2018
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OPERATING RATIO	88.79%	84.23%	89.26%	87.60%
NET INCOME(CENTS) / \$ OF REVENUE	3.83	7.95	4.06	5.65

DISBURSEMENTS & ACH TRANSFERS

February 2019

VENDOR	DATE	AMOUNT	DESCRIPTION
MED - Deposit Refund Account	2/5/2019	\$19,441.20	Transfer Funds
MED - Payroll	2/6/2019	\$192,604.52	Employee Direct Deposit
MED - Payroll	2/6/2019	\$515.70	Transfer Funds to Flexible Reimbursement Account
MED - Deposit Refund Account	2/12/2019	\$15,735.44	Transfer Funds
MED - Credit Card	2/12/2019	\$1,000.00	Transfer Funds - Philip Lim's Credit Card
MED - Payroll	2/20/2019	\$197,585.54	Employee Direct Deposit
MED - Payroll	2/20/2019	\$515.70	Transfer Funds to Flexible Reimbursement Account
MED - Deposit Refund Account	2/21/2019	\$26,689.10	Transfer Funds
MED - Sinking Fund	2/27/2019	\$33,008.33	Transfer Funds
Check Register		\$15,436,424.05	
Total		\$15,923,519.58	

**Bad Debt Analysis
For Fiscal Year 2019**

	Uncollectable Accounts	Payments Collected	Net Expense
July 2018	9,642.25	(6,285.33)	3,356.92
Aug 2018	16,181.95	(5,739.89)	10,442.06
Sept 2018	15,504.07	(6,018.02)	9,486.05
Oct 2018	24,686.95	(5,184.40)	19,502.55
Nov 2018	23,954.00	(5,282.84)	18,671.16
Dec 2018	23,203.37	(5,158.88)	18,044.49
Jan 2019	12,289.20	(5,695.72)	6,593.48
Feb 2019	9,546.23	(6,276.51)	3,269.72
March 2019			
April 2019			
May 2019			
June 2019			
Totals	\$135,008.02	(\$45,641.59)	\$89,366.43

	Sales	Bad Debt to Sales
July 2018	17,223,921.50	0.0195%
Aug 2018	17,858,235.50	0.0585%
Sept 2018	14,158,535.13	0.0670%
Oct 2018	13,433,883.90	0.1452%
Nov 2018	13,207,095.41	0.1414%
Dec 2018	14,091,028.85	0.1281%
Jan 2019	15,469,241.07	0.0426%
Feb 2019	12,683,961.49	0.0258%
March 2019		
April 2019		
May 2019		
June 2019		
Totals	\$118,125,902.85	0.0757%



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MEMORANDUM

TO: MED Power Board
FROM: Diane Simpkins, Director of Purchasing
DATE: Wednesday, March 20, 2019
RE: Material Purchases

PURCHASES UNDER \$25,000: **\$ 283,671.85**

PURCHASES BETWEEN \$25,000 - \$50,000:

PURCHASE ORDER #	VENDOR	ITEM	QUANTITY		AMOUNT
23149	Irby	500MCM Copper wire	4000'	\$	41,976.00
23143	Border States	795 bare alum AAC wire	19860'	\$	24,979.91
		slide ties - 336	50	\$	635.50
		e-z wrap ties	50	\$	266.00
		rigid 90's	10	\$	1,499.60
		pg clamps	500	\$	750.00
		dead end clamp	100		\$1,444.00
		anchors	48		\$2,405.28
		#2 dead end clamps	100	\$	628.00
					\$ 74,584.29

TRANSFORMER PURCHASES FROM BLANKET:

PURCHASE ORDER #	VENDOR	ITEM	QUANTITY		AMOUNT
23184	Border States	75 kva single phase pad mt.	20	\$	34,320.00
23174	Border States	50 kva single phase pad mt.	10	\$	14,220.00
23153	Ermco	15 kva CSP pole mt	10	\$	6,590.00
		25 kva CSP pole mt	10	\$	8,230.00
23146	Border States	25 kva single phase pad mt	5	\$	6,260.00
		50 kva single phase pad mt.	15	\$	21,330.00
		75 kva single phase pad mt.	5	\$	8,580.00
					\$ 99,530.00

Grand Total **\$ 457,786.14**

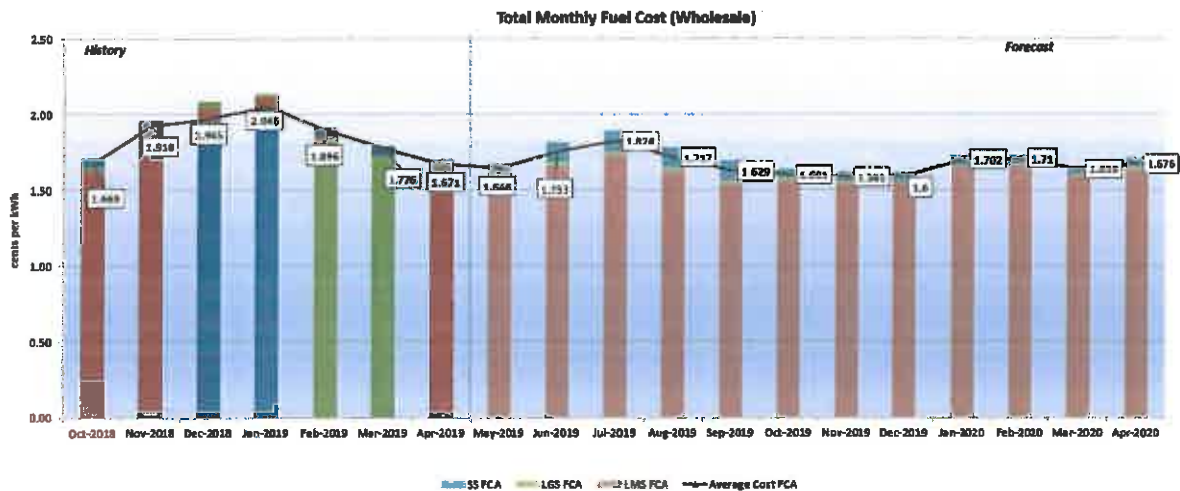
Total Monthly Fuel Cost Communication – April 2019

Total Monthly Fuel Cost – April 2019

The total monthly fuel cost will be 1.680 cents per kWh for Standard Service customers, 1.643 cents per kWh for Large Manufacturing customers and 1.665 cents per kWh for Large General Service customers.

The overall system average fuel rate for April is approximately 10% lower than the three-year average April FCA. This is primarily due to expectations for higher hydro generation for April combined with mild weather and lower sales in February.

Total Monthly Fuel Cost Forecast: April 2019 to April 2020



	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020
LMS FCA	1.622	1.907	2.042	2.11	1.863	1.73	1.643	1.608	1.651	1.72	1.615	1.529	1.555	1.539	1.552	1.654	1.661	1.591	1.629
LGS FCA	1.646	1.943	2.083	2.136	1.835	1.719	1.665	1.626	1.688	1.758	1.652	1.566	1.578	1.562	1.560	1.662	1.670	1.599	1.653
SS FCA	1.684	1.92	1.944	2.028	1.909	1.791	1.68	1.659	1.783	1.853	1.746	1.657	1.617	1.6	1.615	1.717	1.724	1.654	1.692

The monthly fuel cost forecast represents current expectations and operational conditions and is subject to change at any time. Actual fuel cost amounts in future months are subject to considerable risks and could vary widely from the current forecast.

City Projects - 3/20/2019

Primary	Street	Amount of Aid to Construction	Status	Status Notes	Additional Notes
DeJarnette Lane Airport Project	DeJarnette Ln.	\$276,100.00	MED Construction	All Poles Installed	Aid to Construction Paid
Doug Young Safety Training Center	Bridge Ave	\$14,125.00	Project Complete	Meter Set	
Jones Blvd	Ridgely Rd to W Northfield Blvd	Design Not Finalized.	Preliminary design.		Waiting on SEC Inc. for finalized roadway plans.
Kingdom Drive Bridge	Kingdom Dr.	No Aid to Construction	Ready for MED Construction	Streetlights installed.	Conduits & Vaults installed.
Lytle St Phase 2	N Walnut St to Barker St	In Progress	MED Construction Complete	Communication to be Removed to Pull Poles	4 Poles Removed
McKnight Park Maintenance Building	Memorial and DeJarnette	\$1,475.00	Design complete.	Waiting on aid to construction.	Single Phase
Middle Tennessee Blvd	Middle Tennessee Blvd	In Progress	MED Construction		Installing Streetlights
Northfield Blvd Phase 1	Northfield Blvd		Contractor construction		Design Finalized
Old Fort Park Maintenance Building	Old Fort Park	\$1,600.00	Design complete.	Waiting on aid to construction.	Am of right now single phase
Perfino Drive Bridge	Perfino Dr.	No Aid to Construction	Contractor construction.	Primary Conduits Installed.	
Rucker Ln	Rucker Ln	No Aid to Construction	Design complete.		Waiting on road project to begin.
Southwest Elementary	St. Andrews Dr.	Contractor Construction	Design complete.	Waiting on primary conduits	Conduits currently being installed.
SR-90	Bradyville Pike	Design Not Finalized.	Preliminary design.		Waiting on Neel-Schaefer for finalized roadway plans.
Airport Terminal	Airport Rd.	\$10,000.00	Preliminary design.		



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MEMORANDUM

To: MED Power Board

Date: March 20, 2019

Subject: Audit Engagement Letter for FY2019

Background –

Our auditors, Dempsey, Vantrease and Follis, PLLC., have submitted an engagement letter to perform the audit of Murfreesboro Electric Department for the fiscal year ending June 30, 2019. The audit fee is \$19,000 which is an increase of \$1,300 from last year's fee due to the additional testing of post-retirement benefits for GASB 75.

Recommendation –

To authorize Chief Financial Officer to execute the engagement letter from Dempsey, Vantrease and Follis, PLLC to perform the audit for fiscal year ending June 30, 2019 for a fee of \$19,000.

Submitted by *Lori Williams*
Lori Williams, Chief Financial Officer



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March 11, 2019

To the Board of Directors and Management of the Murfreesboro Electric Department

We are pleased to confirm our understanding of the services we are to provide Murfreesboro Electric Department (the "Department"), an enterprise fund of the City of Murfreesboro, Tennessee, for the year ended June 30, 2018. We will audit the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Department as of and for the year ended June 30, 2019. This audit will also include separate audit report on the Murfreesboro Electric Department Pension Fund. Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the Department's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Department's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress
- 3) Schedule of Changes in the Net Pension Asset and Related Ratios
- 4) Schedule of Department Contributions
- 5) Schedule of Debt Service Requirements

We have also been engaged to report on supplementary information other than RSI that accompanies the Department's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Comparative Statements of Operating Revenues
- 2) Comparative Statements of Operating Expenses

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Organizational Data
- 2) Roster of Board Members and Management Officials

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Department and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Department's financial statements. Our report will be addressed to the Board of Directors of the Department. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the Department's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Department is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Department or to acts by management or employees acting on behalf of the Department. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Department and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Department's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Department in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Department involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Department and the State of Tennessee Comptroller's office however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Dempsey Vantrease & Follis PLLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the state of Tennessee Comptroller's office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Dempsey Vantrease & Follis PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the state of Tennessee Comptroller's office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in July 2019 and to issue our reports no later than November 15, 2019. Mark Follis is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$19,000. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Department and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Dempsey Vantrease & Follis PLLC

RESPONSE:

This letter correctly sets forth the understanding of Murfreesboro Electric Department.

Management signature: _____

Title: _____

Date: _____



205 N Walnut St
P.O. Box 9
Murfreesboro, TN 37133-0009
Office: 615-893-5514
Fax: 615-893-8375
www.MurfreesboroElectric.com

March 27, 2019

Members of the Power Board - Action

As items for consideration, it is requested that the Power Board approve the following Addendum to the MED ICMA Retirement Corporation Plan to be more in line with other utilities:

**ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
ADOPTION AGREEMENT
PLAN NUMBER 107967
ADDENDUM**

Addendum to Section X Vesting Provisions:

"The Employer hereby reduces the requirement of a five (5) year Period of Service be Completed for Employee Vesting. The new Period of Service Completed to reflect Zero and ascending years to 100% Percent Vested."

Recommendation:

I recommend that the Board approve the Addendum listed above, to be effective immediately.


P.D. Mynatt
General Manager

Amendment to Vesting Provision

Murfreesboro Electric Department 401a Plan #107967

TO: ICMA-RC

FROM: Murfreesboro Electric Department

SUBJECT: Amendment to Vesting Provision of Adoption Agreement 401a Plan #107967

DATE: March 19, 2019

This letter of instructions and the completed Adoption Agreement is to serve as an amendment to the vesting provision for the Murfreesboro Electric Department plan #107967. The following change should be implemented for record keeping and administration of the plan:

X. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. (For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)

Period of Service Completed	Percent Vested
Zero	100 %
One	100 %
Two	100 %
Three	100 %
Four	100 %
Five	100 %
Six	100 %
Seven	100 %
Eight	100 %
Nine	100 %
Ten	100 %

Sincerely,

P. D. Mynatt, General Manager
Murfreesboro Electric Department

ICMA RETIREMENT CORPORATION

**GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
ADOPTION AGREEMENT**



**ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
ADOPTION AGREEMENT**

Plan Number 107967

The Employer hereby establishes a Money Purchase Plan and Trust to be known as MURFREESBORO ELECTRIC DEPT.
(the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust.

This Plan is an amendment and restatement of an existing defined contribution money purchase plan.

☒ Yes

☐ No

If yes, please specify the name of the defined contribution money purchase plan which this Plan hereby amends and restates:

MURFREESBORO ELECTRIC DEPT.

I. **Employer:** MURFREESBORO ELECTRIC DEPT.

II. Effective Dates

- ☒ 1. **Effective Date of Restatement.** If this document is a restatement of an existing plan, the effective date of the Plan shall be January 1, 2007 unless an alternate effective date is hereby specified: _____

(Note: An alternate effective date can be no earlier than January 1, 2007.)

- ☐ 2. **Effective Date of New Plan.** If this is a new Plan, the effective date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified: _____

3. **Special Effective Dates.** Please note here any elections in the Adoption Agreement with an effective date that is different from that noted in 1. or 2. above.

(Note provision and effective date.)

III. Plan Year will mean:

☐ The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.03(f) of the Plan.)

☐ The twelve (12) consecutive month period commencing on _____ and each anniversary thereof.

IV. Normal Retirement Age shall be age 60.0 (not to exceed age 65).

Important Note to Employers: Normal Retirement Age is significant for determining the earliest date at which the Plan may allow for in-service distributions. Normal Retirement Age also defines the latest date at which a Participant must have a fully vested right to his/her Account. There are IRS rules that limit the age that may be specified as the Plan's Normal Retirement Age. The Normal Retirement Age cannot be earlier than what is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed. An age under 55 is presumed not to satisfy this requirement, unless the Commissioner of Internal Revenue determines that the facts and circumstances show otherwise.

Whether an age between 55 and 62 satisfies this requirement depends on the facts and circumstances, but an Employer's good

Whether an age between 55 and 62 satisfies this requirement depends on the facts and circumstances, but an Employer's good faith, reasonable determination will generally be given deference. A special rule, however, applies in the case of a plan where substantially all of the participants in the plan are qualified public safety employees within the meaning of section 72(t)(10)(B) of the Code, in which case an age of 50 or later is deemed not to be earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed.

V. ELIGIBILITY REQUIREMENTS

1. The following group or groups of Employees are eligible to participate in the Plan:

- ☐ All Employees
- ☐ All Full Time Employees
- ☐ Salaried Employees
- ☐ Non union Employees
- ☐ Management Employees
- ☐ Public Safety Employees
- ☐ General Employees
- ☐ Other Employees (Specify the group(s) of eligible employees below. Do not specify employees by name. Specific positions are acceptable.) _____

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer. The eligibility requirements cannot be such that an Employee becomes eligible only in the Plan Year in which the Employee terminates employment. **Note:** As stated in Sections 4.07 and 4.08, the Plan may, however, provide that Final Pay Contributions or Accrued Leave Contributions are the only contributions made under the Plan.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be (write N/A if an Employee is eligible to participate upon employment) N/A.

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

VI. CONTRIBUTION PROVISIONS

1. **The Employer shall contribute as follows:** (Choose all that apply, but at least one of Options A or B. If Option A is not selected, Employer must pick up Participant Contributions under Option B.)

Fixed Employer Contributions With or Without Mandatory Participant Contributions. (If Option B is chosen, please complete section C.)

- ☐ A. Employer Contributions. The Employer shall contribute on behalf of each Participant _____% of Earnings or \$ _____ for the Plan Year (subject to the limitations of Article V of the Plan).

Mandatory Participant Contributions

☐ are required ☐ are not required

to be eligible for this Employer Contribution.

- ☐ B. Mandatory Participant Contributions for Plan Participation.

Required Mandatory Contributions. A Participant is required to contribute (subject to the limitations of Article V of the Plan) the specified amounts designated in items (i) through (iii) of the Contribution Schedule below:

☐ Yes ☐ No

Employee Opt-In Mandatory Contributions. Each Employee eligible to participate in the Plan shall be given the opportunity to irrevocably elect to participate in the Mandatory Participant Contribution portion of the Plan by electing to contribute the specified amounts designated in items (i) through (iii) of the Contribution Schedule below for each Plan Year (subject to the limitations of Article V of the Plan):

☐ Yes ☐ No

Contribution Schedule.

- (i) _____ % of Earnings,
(ii) \$ _____, or
(iii) a whole percentage of Earnings between the range of _____ (insert range of percentages between 1% and 20% inclusive (e.g., 3%, 6%, or 20%; 5% to 7%)), as designated by the Employee in accordance with guidelines and procedures established by the Employer for the Plan Year as a condition of participation in the Plan. A Participant must pick a single percentage and shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

Employer "Pick up". The Employer hereby elects to "pick up" the Mandatory Participant Contributions¹ (pick up is required if Option A is not selected).

☒ Yes ☐ No ("Yes" is the default provision under the Plan if no selection is made.)

- ☐ C. Election Window (Complete if Option B is selected):
Newly eligible Employees shall be provided an election window of _____ days (no more than 60 calendar days) from the date of initial eligibility during which they may make the election to participate in the Mandatory Participant Contribution portion of the Plan. Participation in the Mandatory Participant Contribution portion of the Plan shall begin the first of the month following the end of the election window.

An Employee's election is irrevocable and shall remain in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. In the event of re-employment to an eligible position, the Employee's original election will resume. In no event does the Employee have the option of receiving the pick-up contribution amount directly.

2. The Employer may also elect to contribute as follows:

- ☐ A. Fixed Employer Match of Voluntary After-Tax Participant Contributions. The Employer shall contribute on behalf of each Participant _____ % of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed _____ % of Earnings or \$ _____. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.
- ☐ B. Variable Employer Match of Voluntary After-Tax Participant Contributions. The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):
_____ % of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding _____ % of Earnings or \$ _____);

¹ Neither an IRS advisory letter nor a determination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are "picked up" by the Employer are not includable in the Participant's gross income for federal income tax purposes. Pick-up contributions are not mandated to receive private letter rulings; however, if an adopting employer wishes to receive a ruling on pick-up contributions they may request one in accordance with Revenue Procedure 2012-4 (or subsequent guidance).

PLUS _____% of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate _____% of Earnings or \$ _____).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed \$ _____ or _____% of Earnings, whichever is _____ more or _____ less.

3. Each Participant may make a voluntary (unmatched), after tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan:

☐ Yes

☐ No (*"No" is the default provision under the Plan if no selection is made.*)

4. Employer contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

BI-WEEKLY

5. Participant contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

BI-WEEKLY

6. In the case of a Participant performing qualified military service (as defined in Code section 414(u)) with respect to the Employer:

- A. Plan contributions will be made based on differential wage payments:

☐ Yes

☐ No (*"Yes" is the default provision under the Plan if no selection is made.*)

If yes is selected, this is effective beginning January 1, 2009 unless another later effective date is filled in here:

- B. Participants who die or become disabled will receive Plan contributions with respect to such service:

☐ Yes

☐ No (*"No" is the default provision under the Plan if no selection is made.*)

If yes is selected, this is effective for participants who died or became disabled while performing qualified military service on or after January 1, 2007, unless another later effective date is filled in here:

VII. EARNINGS

Earnings, as defined under Section 2.09 of the Plan, shall include:

1. Overtime
☒ Yes ☐ No
2. Bonuses
☐ Yes ☐ No
3. Other Pay (specifically describe any other types of pay to be included below)

VIII. ROLLOVER PROVISIONS

1. The Employer will permit rollover contributions in accordance with Section 4.12 of the Plan:
☒ Yes ☐ No ("Yes" is the default provision under the Plan if no selection is made.)
2. Direct rollovers by non-spouse beneficiaries are effective for distributions after 2006 unless the Plan delayed making them available. If the Plan delayed making such rollovers available, check the box below and indicate the later effective date in the space provided.

☐ Effective Date is _____.

(Note: Plans must offer direct rollovers by non-spouse beneficiaries no later than plan years beginning after December 31, 2009.)

IX. LIMITATION ON ALLOCATIONS

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Section 5.02 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (e) of the Plan will apply unless another method has been indicated below.
☐ Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

2. The Limitation Year is the following 12 consecutive month period: _____
3. Unless the Employer elects a delayed effective date below, Article 5 of the Plan will apply to limitations years beginning on or after July 1, 2007. _____

(The effective date listed cannot be later than 90 days after the close of the first regular legislative session of the legislative body with authority to amend the plan that begins on or after July 1, 2007.)

X. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. (For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)

Period of Service Completed	Percent Vested
Zero	100 %
One	100 %
Two	100 %
Three	100 %
Four	100 %
Five	100 %
Six	100 %
Seven	100 %
Eight	100 %
Nine	100 %
Ten	100 %

XI. WITHDRAWALS AND LOANS

1. In-service distributions are permitted under the Plan after a participant attains (select one of the below options):

- ☐ Normal Retirement Age
☐ Age 70½ ("70½" is the default provision under the Plan if no selection is made.)
☐ Alternate age (after Normal Retirement Age): _____
☒ Not permitted at any age

2. A Participant shall be deemed to have a severance from employment solely for purposes of eligibility to receive distributions from the Plan during any period the individual is performing service in the uniformed services for more than 30 days.

- ☐ Yes ☐ No ("Yes" is the default provision under the plan if no selection is made.)

3. Tax-free distributions of up to \$3,000 for the direct payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan.

- ☐ Yes ☒ No ("No" is the default provision under the Plan if no selection is made.)

4. In-service distributions of the Rollover Account are permitted under the Plan, as provided in Section 9.07.

- ☐ Yes ☒ No ("No" is the default provision under the Plan if no selection is made.)

5. Loans are permitted under the Plan, as provided in Article XIII of the Plan:

- ☐ Yes ☒ No ("No" is the default provision under the Plan if no selection is made.)

XII. SPOUSAL PROTECTION

The Plan will provide the following level of spousal protection (select one):

- ☐ 1. Participant Directed Election. The normal form of payment of benefits under the Plan is a lump sum. The Participant can name any person(s) as the Beneficiary of the Plan, with no spousal consent required.
- ☒ 2. Beneficiary Spousal Consent Election (Article XII). The normal form of payment of benefits under the Plan is a lump sum. Upon death, the surviving spouse is the Beneficiary, unless he or she consents to the Participant's naming another Beneficiary. (*"Beneficiary Spousal Consent Election" is the default provision under the Plan if no selection is made.*)
- ☐ 3. QJSA Election (Article XVII). The normal form of payment of benefits under the Plan is a 50% qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime. (If C is selected, the spousal consent requirements in Article XII also will apply.)

XIII. FINAL PAY CONTRIBUTIONS

The Plan will provide for Final Pay Contributions if either 1 or 2 below is selected.

The following group of Employees shall be eligible for Final Pay Contributions:

- ☐ All Eligible Employees
- ☐ Other: _____

Final Pay shall be defined as (select one):

- ☐ A. Accrued unpaid vacation
- ☐ B. Accrued unpaid sick leave
- ☐ C. Accrued unpaid vacation and sick leave
- ☐ D. Other (*insert definition of Final Pay – must be leave that Employee would have been able to use if employment had continued and must be bona fide vacation and/or sick leave*):

- ☐ 1. **Employer Final Pay Contribution.** The Employer shall contribute on behalf of each Participant _____ % of Final Pay to the Plan (subject to the limitations of Article V of the Plan).
- ☐ 2. **Employee Designated Final Pay Contribution.** Each Employee eligible to participate in the Plan shall be given the opportunity at enrollment to irrevocably elect to contribute ____ % (insert fixed percentage of final pay to be contributed) or up to ____ % (insert maximum percentage of final pay to be contributed) of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked.

XIV. ACCRUED LEAVE CONTRIBUTIONS

The Plan will provide for accrued unpaid leave contributions annually if either 1 or 2 is selected below.

The following group of Employees shall be eligible for Accrued Leave Contributions:

- ☐ All Eligible Employees
- ☐ Other: _____

Accrued Leave shall be defined as (select one):

- ☐ A. Accrued unpaid vacation
- ☐ B. Accrued unpaid sick leave
- ☐ C. Accrued unpaid vacation and sick leave
- ☐ D. Other (insert definition of accrued leave that is bona fide vacation and/or sick leave):

- ☐ 1. **Employer Accrued Leave Contribution.** The Employer shall contribute as follows (choose one of the following options):

☐ For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant the unused Accrued Leave in excess of _____ (insert number of hours/days/weeks (circle one)) to the Plan (subject to the limitations of Article V of the Plan).

☐ For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant _____% of unused Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

- ☐ 2. **Employee Designated Accrued Leave Contribution.**

Each eligible Participant shall be given the opportunity at enrollment to irrevocably elect to contribute _____% (insert fixed percentage of accrued unpaid leave to be contributed) or up to _____% (insert maximum percentage of accrued unpaid leave to be contributed) of Accrued Leave to the Plan (subject to the limitations of Article V of the Plan). Once elected, an Employee's election shall remain in force and may not be revised or revoked.

- XV. The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

- XVI. The Employer understands that this Adoption Agreement is to be used with only the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust. This ICMA Retirement Corporation Governmental Money Purchase Plan and Trust is a restatement of a previous plan, which was submitted to the Internal Revenue Service for approval on April 2, 2012, and received approval on March 31, 2014.

The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan. The Employer understands that an amendment(s) made pursuant to Section 14.05 of the Plan will become effective within 30 days of notice of the amendment(s) unless the Employer notifies the Plan Administrator, in writing, that it disapproves of the amendment(s). If the Employer so disapproves, the Plan Administrator will be under no obligation to act as Administrator under the Plan.

- XVII. The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

XVIII. The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

XIX. An adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under section 401 of the Internal Revenue Code to the extent provided in applicable IRS revenue procedures and other official guidance.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this _____ day of _____, 20_____.

EMPLOYER

ICMA RETIREMENT CORPORATION
777 North Capitol St., NE Suite 600
Washington, DC 20002
800-326-7272

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Attest: _____

Attest: _____



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P.O. Box 9
Murfreesboro, TN 37133-0009
Office: 615-893-5514
Fax: 615-893-8375
www.MurfreesboroElectric.com

MEMORANDUM

To: MED Power Board

Date: March 20, 2019

**Subject: October 2019 Rate Change Implementation Election Form/
Revenue Neutral Local Rate Adjustment**

Background—TVA is making a wholesale rate change in October 2019 to implement a wholesale Grid Access Charge (GAC). The change is facilitated by lowering wholesale energy costs by a half-cent and adding the half-cent as a GAC. The GAC is applied per unit to the previous five-year energy sales and is fixed for twelve months.

LPC's must submit a Rate Change Election Form to TVA by May 1, 2019 and choose between default and optional retail rate options or submit custom retail rates to TVA for approval. Default Rates will be implemented if an election form is not submitted. In the Optional Rate Design, all power recovery rates are adjusted.

The case for change is based on changing markets, enhanced competition and customer choice. Revenues are at risk, and lost revenues would have to be reallocated among remaining customers.

Fiscal Impact—The wholesale rate change is revenue neutral to TVA. However, the implementation of the GAC moves \$600 million from energy sales to a fixed cost recovery method. This ensures the revenue during periods of slowing or declining sales which are projected.

LPC's with declining sales incur increased costs due to the fixed component.

Recommendation—I recommend adopting the Optional retail rate design. This maintains our same rate structure and evenly spreads the GAC across all standard service rates.

I also recommend a revenue neutral local rate adjustment (LRA) for October 1, 2019. I propose a residential increase in Customer Charge of \$2.50 and a decrease in the kWh charge of 0.00206. This will provide better alignment between wholesale and retail rates. It provides a proper pricing signal and matches revenues against costs. Our current customer charge of \$11.76 is approximately \$10 below the Valley average. LRA spreadsheets and bill impacts are attached.

Submitted by 
P. D. Mynatt, General Manager

MURFREESBORO ELECTRIC DEPARTMENT
Rate Decisions – October 2019

MURFREESBORO ELECTRIC DEPARTMENT
RATE CHANGE PREPARATION WITH TVA
March 2019

Timeline

- May 1 – Submit Rate Change Election Form
- July 1 – Submit Local Rate Adjustment (LRA) request
- October 1 – New rates effective

Decisions

- Incorporate Grid Access Charge
 - Optional Rate Structure
- Decline Hydro Flexibility
- Decline Optional Grid Access Charge
- Request Local Rate Adjustment
 - Revenue neutral residential rate adjustment
 - Increase customer charge
 - Decrease energy charge

Documentation

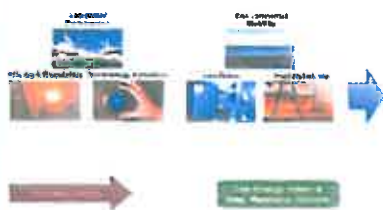
- LRA Model
- Bill Impacts

Rate Decisions

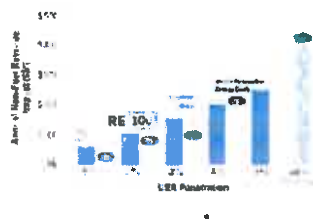
- Effective October 1, 2019
- Local Rate Adjustment
 - Make revenue neutral change to residential schedule
- TVA Wholesale Rate Change Alignment
 - Adopt optional retail rate design
 - Maintains same structure
 - Evenly spreads Grid Access Charge across all standard service rates
- Simple and effective approach

Tie Together the Case for Change

The Market is Changing *Enhanced competition and choice*



Revenue at Risk *Lost revenue will be reallocated among remaining customers*



Rate Structure *Reduce cost shifting to manage rate impacts*



The market is changing and new forms of competition exist; together we will determine the best solution by demonstrating how changes in pricing improve our position for the long-term.

Market Demand – Commercial & Industrial Renewable Energy Goals

RE 100

- Committed to 100% renewable electricity
- 87 companies to date



Stated Renewable Energy Goals

- Publicly stated renewable energy goals, but not RE100 commitment



- Committed to accelerating procurement of wind and utility-scale solar energy
- 160+ members



- Goal of growing corporate demand for renewables
- 58 signatures to date



**Companies are committing to renewable energy
and they want to partner with utilities to develop solutions**

Case For Change

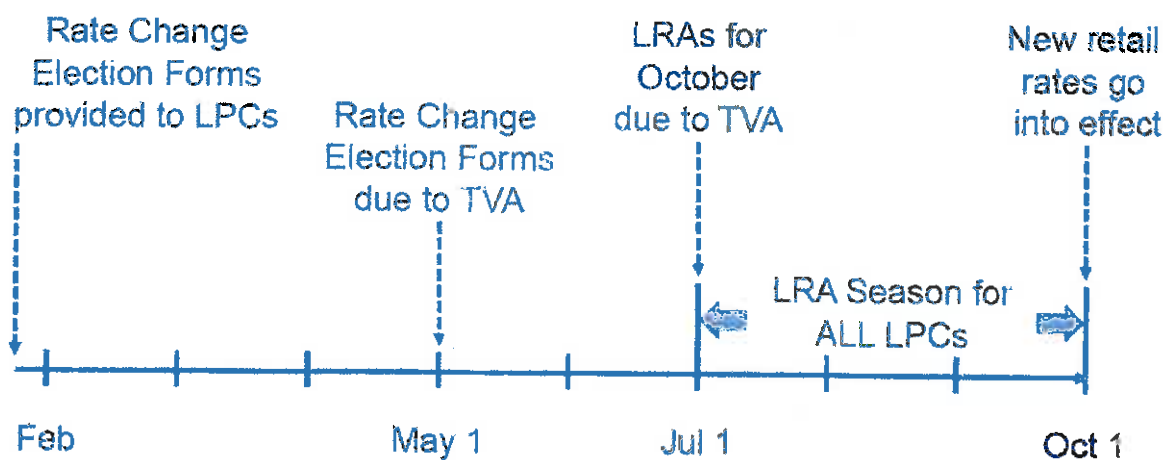
PRESENT

- Alignment between wholesale and retail rates
 - Proper pricing signal
 - Match revenues against cost
 - Volumetric rate
- Energy efficiency
 - Renewable electricity
 - Behind-the-meter applications
- TVA projects slowing or even declining sales
 - Increase prices within volumetric rate to cover fixed costs

FUTURE

- Remove half-cent from wholesale energy charge
 - Lowers energy charge
- Add half-cent as a Grid Access Charge (per Unit)
 - Applied to the previous five year energy sales
 - Fixed for twelve months
- Revenue neutral to TVA
- LPCs with declining sales incur increased costs due to fixed component

LPCs Implementing In October 2019



LRA requests due on or before July 1 in order to be completed by September 30

Default Rate Design

- Residential, GSA1 – declining block rate structures
- GSA2 – increase first 50 kW \$1; block 1 energy rate reduction to achieve revenue neutrality
- GSA3 – declining block energy rate; ratcheted demand
- Outdoor Lighting, Residential Appurtenance – risk adjusted energy rates

Optional Rate Design

- All power cost recovery rates are adjusted
- Applies to all Standard Service retail rates
- Adjustment reflects the maximum bill impact percentage difference between the fiscal year 2017 wholesale rates and each year priced out under the new pricing structure

Maximum bill impact for each LPC occurs in the year for which the LPC has the lowest kWh sales during TVA fiscal years 2013 through 2017

MURFREESBORO ELECTRIC DEPARTMENT

**Residential Service Rate Schedule
Revenue Neutral Adjustment
March 2019**

Rate Impact Analysis for Residential Class

*** Total Estimated Impact ***

With Fuel Cost Forecast --- specific LPC line losses also applied

Average Monthly kWh	Current					Annual Total Bill	Proposed					Annual Total Bill	% Increase of Current
	Customer Charge	Energy Bill (4 months each season)					Customer Charge	Energy Bill (4 months each season)					
		Summer	Winter	Transition	12 Mth Total			Summer	Winter	Transition	12 Mth Total		
500	11.76	47.61	45.84	44.83	553	694	14.26	46.58	44.81	43.80	541	712	2.5%
800	11.76	76.17	73.34	71.72	885	1,026	14.26	74.52	71.69	70.07	865	1,036	1.0%
1000	11.76	95.21	91.67	89.65	1,106	1,247	14.26	93.15	89.61	87.59	1,081	1,253	0.4%
1210	11.76	115.20	110.92	108.48	1,338	1,480	14.26	112.71	108.43	105.98	1,308	1,480	0.0%
1500	11.76	142.82	137.51	134.48	1,659	1,800	14.26	139.73	134.42	131.39	1,622	1,793	-0.4%
2000	11.76	190.42	183.34	179.30	2,212	2,353	14.26	186.30	179.22	175.18	2,163	2,334	-0.8%
2500	11.76	238.03	229.18	224.13	2,765	2,906	14.26	232.88	224.03	218.98	2,704	2,875	-1.1%
3000	11.76	285.63	275.01	268.95	3,318	3,459	14.26	279.45	268.83	262.77	3,244	3,415	-1.3%
3500	11.76	333.24	320.85	313.78	3,871	4,013	14.26	326.03	313.64	306.57	3,785	3,956	-1.4%

Month Total Bill (1000 kWh) 106.97 103.43 101.41 1,247

Current		
Summer	Winter	Transition

11.76 11.76 11.76 Base Customer Chg
0.09521 0.09167 0.08965 Energy (kwh)

107.41 103.87 101.85 1,253

Proposed		
Summer	Winter	Transition

14.26 14.26 14.26 Base Customer Chg
0.09315 0.08961 0.08759 Energy (kwh)

Residential Rates

Average Monthly kWh	MED (Oct 2018)					Annual Total Bill
	Customer Charge	Energy Bill (4 Months Each Season)				
		Summer	Winter	Transition	12 Mth Total	
0	\$ 11.76	-	-	-	-	\$ 141
500	\$ 11.76	47.05	45.28	44.27	546	\$ 688
1000	\$ 11.76	94.10	90.56	88.54	1,093	\$1,234
1500	\$ 11.76	141.15	135.84	132.81	1,639	\$1,780
2000	\$ 11.76	188.20	181.12	177.08	2,186	\$2,327
3000	\$ 11.76	282.30	271.68	265.62	3,278	\$3,420

MTEMC (Oct 2018)				
Summer	Winter	Transition		
\$ 11.76	\$ 11.76	\$ 11.76		Base Service Charge
\$ 0.07660	\$ 0.07306	\$ 0.07104		Base Energy
\$ 0.01750	\$ 0.01750	\$ 0.01750		FCA
\$ 0.09410	\$ 0.09056	\$ 0.08854		Energy Charge

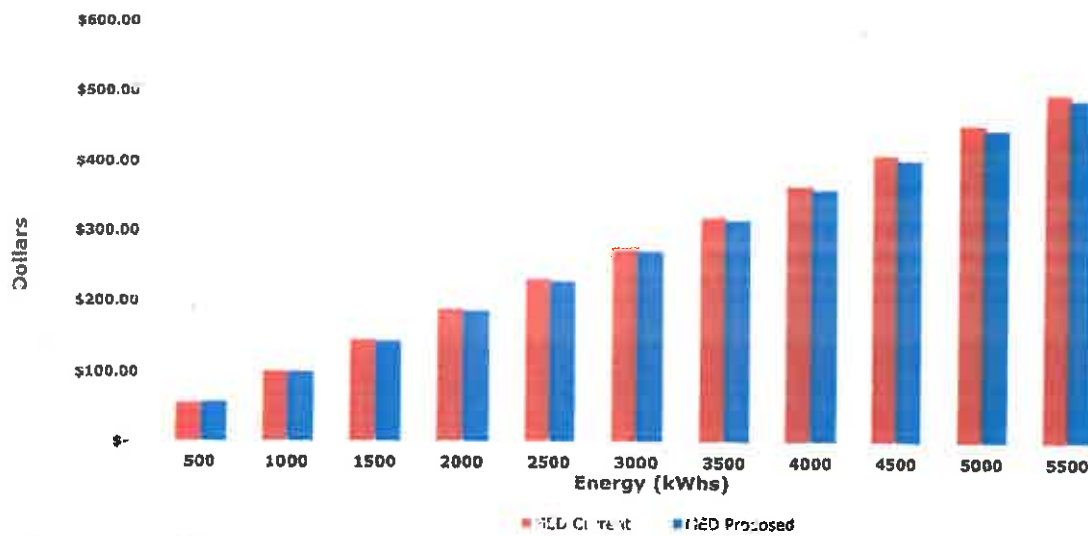
Average Monthly kWh	MED (Revenue Neutral Adjustment)					Annual Total Bill
	Customer Charge	Energy Bill (4 Months Each Season)				
		Summer	Winter	Transition	12 Mth Total	
0	\$ 14.26	-	-	-	-	\$ 171
500	\$ 14.26	46.02	44.25	43.24	534	\$ 705
1000	\$ 14.26	92.04	88.50	86.48	1,068	\$ 1,239
1500	\$ 14.26	138.06	132.75	129.72	1,602	\$ 1,773
2000	\$ 14.26	184.08	177.00	172.96	2,136	\$ 2,307
3000	\$ 14.26	276.12	265.50	259.44	3,204	\$ 3,375

MED (Revenue Neutral)				
Summer	Winter	Transition		
\$ 14.26	\$ 14.26	\$ 14.26		Base Service Charge
\$ 0.07454	\$ 0.07100	\$ 0.06898		Base Energy
\$ 0.01750	\$ 0.01750	\$ 0.01750		FCA
\$ 0.09204	\$ 0.08850	\$ 0.08648		Energy Charge

Study: Increase service charge \$2.50
Decrease energy charge \$0.00206

MED Revenue Neutral Adjustment \$2.50 vs -\$0.00206

Residential Rate Comparison
Rate Adjustment



MED Revenue Neutral Adjustment \$2.50 vs -\$0.00206

